



ASSET REPLACEMENT FUND POLICY

BACKGROUND

The purpose of this policy is to ensure that sufficient funds are on hand to replace the assets of the Association as those assets require replacement.

Given that the Association is an annually funded, non-profit organization it is desirable that the Association not incur debt. It is therefore necessary for the Association to regularly set aside funds for the explicit purpose of asset replacement.

ONGOING PROVISIONS

The Association shall maintain at all times an amount equal to the Asset Replacement Fund in a separate investment account. All interest earned on those investments shall be reinvested to be used for future asset replacement.

The Association shall make monthly payments of \$500 into the Asset Replacement Fund. These monthly payments will continue until such time as the balance in the Asset Replacement Fund reaches \$75,000. Once the Asset Replacement Fund reaches \$75,000, the monthly payments can be stopped until such time as the Fund needs to be replenished.*

The Board of Directors shall review the Asset Replacement Fund threshold annually to ensure that there is sufficient money in the Fund to meet the Association's future asset purchase needs. The Board may make an additional allocation to the Asset Replacement Fund as deemed necessary.

When depreciable assets are to be purchased, they may, but do not necessarily have to be, paid for out of the funds in the Asset Replacement Fund. All purchases from the Asset Replacement Fund should be approved by the Board of Directors.

"Approved by the Board of Directors of the Manitoba Cycling Association by motion at the Board meeting held on March 26, 2015.